

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 FRB-01 INR-07
NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02
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/092 W

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FM AMEMBASSY QUITO
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E.O. 11652: N/A
TAGS: BEXP, EINV, EC
SUBJECT: RECENT CHANGES IN ANCOM REGULATIONS AS IMPLEMENTED
BY ECUADOR

1. FOLLOWING IS A SUMMARY OF THE MORE IMPORTANT CHANGES IN
ANDEAN PACT DECISION 24, THE CARTAGENA AGREEMENT AND THE
ANDEAN COMMON MARKET (ANCOM) EXTERNAL TARIFF, AS PUT INTO
FORCE ON NOVEMBER 26, 1976 BY THE GOVERNMENT OF ECUADOR BY
MEANS OF DECREES 900-A AND 900-B.

2. CONCEPT OF SUBREGIONAL INVESTOR

HAVING SATISFIED CERTAIN PRIOR CONDITIONS, INVESTMENT IN
ECUADOR COMING FROM ANOTHER ANCOM MEMBER COUNTRY IS NOW
TREATED AS DOMESTIC INVESTMENT BY THE GOE.

3. PARTICIPATION OF FOREIGN INVESTORS IN EXISTING FIRMS

FOREIGN INVESTMENT IS PERMITTED IN AN ALREADY EXISTING
ECUADOREAN FIRM AS LONG AS THE FOREIGN CAPITAL
PARTICIPATION DOES NOT EXCEED 49 PER CENT OF THE TOTAL.
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THIS IS NOW TRUE EVEN WHEN THIS INVESTMENT MOVES THE
FIRM FROM THE CATEGORY OF A DOMESTIC FIRM TO THAT OF
A MIXED (DOMESTIC/FOREIGN) FIRM.

4. ACCESS TO INTERNAL CREDIT

FOREIGN COMPANIES, I.E. THOSE HAVING A FOREIGN CAPITAL

PARTICIPATION IN EXCESS OF 49 PER CENT, ARE NOW
PERMITTED ACCESS TO DOMESTIC SOURCES OF MEDIUM (3 YEAR)
AS WELL AS SHORT-TERM CREDIT.

5. CONVERSION OF FOREIGN FIRMS

THE OFFICIAL CONVERSION OF A FOREIGN FIRM TO THE STATUS
OF A DOMESTIC FIRM IS NOW PERMITTED TO TAKE PLACE AS A
RESULT OF AN INCREASE IN THE FIRM'S CAPITAL.

6. ALLOWED PROFIT REMITTANCES

A FOREIGN INVESTOR MAY NOW REMIT ABROAD PROFITS AMOUNTING
TO UP 20 PER CENT ANNUALLY OF HIS INVESTMENT. FURTHER-
MORE, THE GOE IS NOW PERMITTED TO AUTHORIZE REMITTANCES
IN EXCESS OF THAT FIGURE.

7. INTRA-ANCOM DUTIES AND THE COMMON EXTERNAL TARIFF

THE LIBERALIZATION , BY MEANS OF A SCHEDULE OF AUTOMATIC
DUTY RATE REDUCTIONS, OF THE ECUADOREAN IMPORT TARIFF
APPLICABLE TO INTRA-ANCOM TRADE WAS DEFERRED. IT IS
NOW TO BEGIN DECEMBER 31, 1979 AND IS TO BE COMPLETED
BY DECEMBER 31, 1988, AT WHICH TIME TRADE AMONG ANCOM
MEMBER COUNTRIES SHOULD BE VIRTUALLY DUTY-FREE. THE
ANCOM COMMON EXTERNAL TARIFF WILL ALSO OFFICIALLY
TAKE EFFECT FOR ECUADOR ON THE LATTER DATE.

8. THE LIST OF RESERVED PRODUCTS FOR SECTORAL PROGRAMMING
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THE OFFICIAL LIST OF PRODUCTS RESERVED FOR INDUSTRIAL
PROGRAMMING UNDER THE ANDEAN PACT WILL CONTINUE IN
EFFECT THROUGH DECEMBER 31, 1978.

9. SPECIAL SECTORAL ASSIGNMENTS FOR BOLIVIA AND ECUADOR

CERTAIN PRODUCTS EXCLUDED FROM THE OFFICIAL RESERVED LIST,
AND NOT OTHERWISE PROGRAMMED BY ANCOM AUTHORITIES, WILL
BE PLACED ON TWO SPECIAL LISTS OF PRODUCTS THE PRODUCTION
OF WHICH IS RESERVED FOR BOLIVIA AND ECUADOR. INTRA-
ANCOM DUTIES ON THESE PRODUCTS WILL BE LIFTED ON DECEMBER
31, 1977 IN THE CASE OF EXPORTS FROM BOLIVIA AND DECEMBER
31, 1978 FOR EXPORTS FROM ECUADOR.

10. THE OFFICIAL LANGUAGE OF THESE CHANGES IS CONTAINED
IN A GOE PUBLICATION TO BE PUBLISHED SHORTLY.
BLOOMFIELD

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